

Core Services Category: Health, Hospitals and Human Services

Study Area: Transfer, Consolidation, Efficiency

High Level Recommendation: Consider consolidating the management of Medicaid waivers at the Human Services Department (HSD) that are currently jointly managed by HSD and the Aging and Long-Term Services Department (ALTSD); consider future merger of Developmentally Disabled Waiver from DOH to HSD at a future time; do not merge all of ALTSD with HSD or transfer programs to CYFD.

Problem Statement

ALTSD was created as a separate agency in the 2004 Legislative Session (Laws 2004, Chapter 23). The newly created cabinet department was expanded with functions from other existing agencies – e.g., adult protective services from CYFD and oversight responsibilities from Human Services Department for Medicaid-eligible seniors. The shared management responsibility of the Medicaid waiver programs has muddled the lines of authority and created unnecessary management duplication. These problems do not exist to the same extent where ALTSD has direct authority over its programs, such as Adult Protective Services.

Background and Findings

The Committee on Government Efficiency's (CGE) report, Recommendations of Improving Government Efficiency, January 14, 2010, recommended merging ALTSD into HSD. Citing duplication, the report estimated the merged department would save \$1.5 million from all sources in personnel and other costs. LFC analysis of this proposal during the 2010 session (SB 188) found savings of \$777.8 thousand by eliminating exempt and program staff at ALTSD that had duplicate functions at HSD. Not included were savings from elimination of Long-Term Services Program staff at ALTSD performing similar functions as staff at HSD for management of Medicaid waiver programs. The Government Restructuring Taskforce requested additional analysis of savings by eliminating ALTSD and moving the Long-Term Services (LTS) Program to HSD and other programs to CYFD.

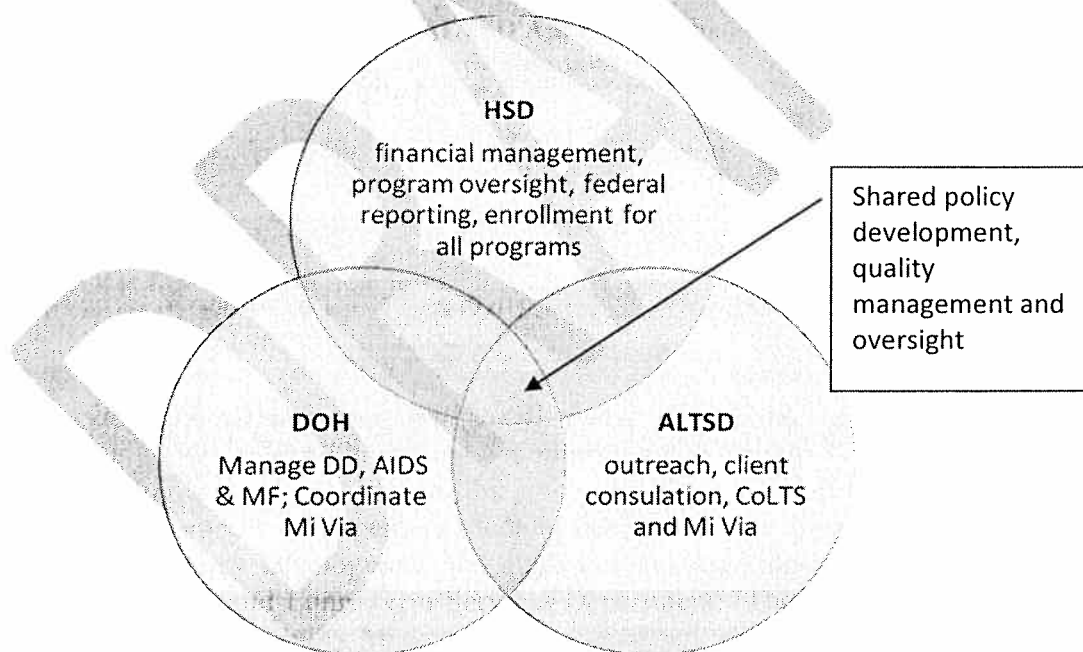
Aging and Long Term Services Department. The Agency on Aging was created in 1979 to oversee issues related to the older population of New Mexico. In 2004, the Governor proposed legislation elevating the status of the agency to cabinet-level to reflect the growing number of elderly in New Mexico. With the 3.2 percent general fund reduction, the department has a budget of \$61.5 million (\$44.8 million from the general fund) and 281 FTE.

The cabinet-level department, established by Sections 9-23-1 through 9-23-12 NMSA 1978, is required to create a single, unified department to administer all laws and exercise all functions formerly administered by the state agency on aging and to administer laws and exercise functions of the Human Services Department, the Department of Health and the Children, Youth and Families Department that relate to the elderly, adults with disabilities or other populations with long-term care service need. Appropriations and duties grew significantly from 2004 to 2007, and have been largely maintained since.

**ALTSD Appropriations
(in thousands)**

Year	Total	General Fund	FTE
2004	\$31,624.9	\$21,787.2	59
2005	\$53,438.7	\$36,183.3	247
2006	\$58,061.1	\$41,069.8	279
2007	\$68,066.4	\$46,682.8	286
2008	\$67,591.3	\$50,717.4	283
2009	\$66,497.6	\$49,019.5	288.5
2010	\$62,981.4	\$46,331.5	281

Human Services Department and Medicaid Waivers. HSD is the single state Medicaid agency, with ultimate authority over all home and community based waivers (HCBW). HSD administers Medicaid programs and is responsible for enrollment (including income eligibility determinations), contract management, federal reporting, and financial management. HSD shares oversight, policy development and quality assurance programs with the Department of Health and the Aging and Long Term Services Department. The LFC Performance Evaluation of the Developmental Disability Medicaid Waiver program found where these functions overlap, interagency coordination can be cumbersome and can slow the decision making process.



1. The Medicaid Developmental Disability Waiver (DDW) Program is managed by the Department of Health (DOH). An extensive management structure exists, including program offices in Albuquerque and five regional offices. Case management and assistance services are provided by DOH contracts. Quality Review of performance is done by DOH staff. Appropriations from the general fund are made to DOH and then transferred to HSD to be matched with federal Medicaid funds for bill payment. There are 3,848 clients on the waiver and about 4,988 individuals on the waiting list.

2. The Coordination of Long-Term Services (CoLTS) program is an umbrella program designed to manage long-term care services for clients eligible for Medicaid and Medicare, including nursing home, personal care option services, and those on the disabled and elderly (D&E) Medicaid waiver program. ALTSD provides outreach and education services to the elderly about the Medicaid benefits of the CoLTS program. HSD holds and manages contracts with two managed-care organizations (MCOs) to coordinate CoLTS services. The Long Term Services Program of ALTSD is charged with promotion of the program, counseling for clients, and coordination with HSD. Appropriations from the general fund are made to HSD for match with federal Medicaid funds. There are 2,041 clients on the D&E waiver program and more than 35,000 clients in CoLTS. There is no memorandum of understanding between HSD and ALTSD on responsibilities for oversight of the program.
3. *Mi Via* is a waiver to allow clients to direct their health care spending. *Mi Via* clients may originate in the DD, D&E, Brain Injury, Medically Fragile, or AIDS waivers. Management responsibility is shared by DOH, HSD, and ALTSD, but there is no cross-agency agreement for management of *Mi Via*.
4. The Brain Injury waiver is managed in ALTSD and the general fund is in that agency. It is transferred to HSD to be matched by federal Medicaid funds. There are 223 individuals on this waiver.
5. The Acquired Immunodeficiency Deficiency Syndrome (AIDS) waiver is managed by DOH, but by a different program than the one managing the DD waiver. General fund is appropriated to DOH and transferred to HSD for match with federal Medicaid funds. There are 12 individuals on the waiver and there is no waiting list.

(in millions)		FY11 App. riations		
Waiver	Management	To Agency	GF	FF
DDW	DOH/HSD	DOH	\$62.9	\$234.0
AIDS				
MF				
CoLTS (inc. D&E)	HSD/ALTSD	HSD	\$178.1	\$663.8
<i>Mi Via</i>	HSD/ALTSD/DOH	HSD, DOH, ALTSD	\$7.2	\$25.4
BI	ALTSD	ALTSD	\$2.0	\$8.1
Notes: Only the DD, AIDS, MF, and BI waivers receive distinct general fund appropriations. CoLTS funding comes out of general fund appropriation to Medicaid, <i>Mi Via</i> funding comes from other waivers, and both are estimated here.				

All Medicaid waiver programs, except BI, have experience considerable cost growth during the past five years. Differences in management and funding lead to some duplication of effort, difficulties in coordination and complicated financial management.

ALTSD's input to the fiscal impact report for SB 188 stated its elevation to cabinet department accelerated the pace of long-term services system reform. Statutorily, ALTSD's role is to "minimize or eliminate duplication of services and jurisdictional conflicts in policy" affecting the

elderly. While the agency acknowledged there may be potential benefits in moving to HSD, it stated there was a risk of things “falling through the cracks” for older Americans under a larger HSD agency. Demographically, the state is aging and the need for elder services will increase. However, in testimony before the Legislative Health and Human Services Committee, the agency stated it would consider moving CoLTS to HSD.

The ALTSD Adult Protective Services (APS) program responsibility is to investigate allegations of abuse, neglect and exploitation of seniors and adults with disabilities and provide in-home support to adults at high risk of repeat neglect. The Consumer and Elder Rights (CER) program provides current information, assistance, counseling, education and support to older individuals and persons with disabilities, residents of long-term care facilities and their families and caregivers that allow them to protect their rights and make informed choices about quality services. The Aging Network provides supportive social and nutrition services for other individuals and persons with disabilities.

In response to SB 188, HSD noted benefits to the consolidation by placing administration and oversight of CoLTS in one department. The merger could reduce duplication, clarify staff roles, and increase efficiencies that could lead to a higher quality program.

Other Issues. The Aging and Long Term Services Department reports that the department was established not only in response to broader demographic shift that is resulting in more elderly individuals residing in New Mexico, but also to the importance of “adequately addressing the needs of older adults, persons with disabilities and their caregivers.” ALTSD further cites the national trend of the creation of independent and separate cabinet level state agencies to administer federal and state funding for programs for the elderly and disabled.

Options to Consider:

1. Consolidate Long Term Services Program and Medicaid waivers with HSD Medical Assistance Program. Consider at a future time the consolidation of the DD waiver program at HSD.
2. Consolidate Long-Term Services Program and Medicaid waivers with HSD Medical Assistance Program and move the ALTSD Long-Term Services Program to HSD and the Adult Protective Services and Consumer and Elder Rights programs to CYFD.
3. Merge ALTSD into HSD

Option 1: Consolidate Long Term Services Program and Medicaid waivers with HSD Medical Assistance Program.

Fiscal Implications: The FY11 operating budget for the Long-Term Services Program is \$8.1 million. By eliminating any management responsibility for Medicaid waiver program and benefits at ALTSD and transferring that responsibility to existing staff at HSD, total estimated savings are \$1.4 million, half of which may be savings in general fund revenue. There are 59 FTE authorized in the Long Term Services Program at ALTSD. Of these positions, 27 FTE work in the ALTSD Resource Center and would remain with the department. Of the remaining positions, 16 would be eliminated – 5 with responsibility for administration of the CoLTS

program, 6 with division management duties, including the division director and assistants and 5 with responsibility for quality assurance functions. The remaining 16 positions have significant programmatic responsibilities over the waiver programs, quality assurance, the Brain Injury program, and Mi Via program and would be transferred to HSD.

This option should result in a more-effectively managed Medicaid waiver program. This option also carries the least disruption to clients and programs and carries minimal implementation costs.

The Legislature should consider at a future time the consolidation of the DOH Developmentally Disabled and other waiver programs with HSD. The transfer of program and fiscal responsibility from DOH to HSD may not be advisable at this time for a variety of reasons. First, it is unclear whether such a move would actually generate significant cost savings. While, as the recent LFC performance audit noted, there are substantial opportunities for cost savings in the program, most of the potential savings are generated from the redesign of the program in areas such as level of care assessments, service delivery options and rates. It is unlikely that there would be significant administrative savings since most of the activities conducted by DDS staff do not duplicate activities performed by HSD and would need to continue regardless of which entity is responsible for managing the program. It is also important to note the major structural differences in how services are delivered and paid. The DD waiver program is a fee-for-service program in which the state directly reimburses individual providers, while the programs under ALTSD and HSD conduct business through private, for-profit entities that assume some financial risk to manage care and costs for specific populations consistent with their state contracts. In this regard, the DDS program is structurally different than the waiver programs managed by ALTSD.

There should be minimal, if any, costs to implement this proposal.

Estimated Savings, Option #1 (in thousands of dollars)

FY11	FY12	Recurring or Nonrecurring	Fund Affected
0	\$693.7	R	General Fund
0	\$693.7	R	Federal Funds

Other Issues. The Aging and Long Term Services Department suggests that this analysis understates the function of the client support and daily management duties required for the CoLTS, Mi Via and Brain Injury programs. ALTSD suggests that if these functions, most, if not all, staff positions would need to transfer as well.

Option 2: Consolidate Long-Term Services Program and Medicaid waivers with HSD Medical Assistance Program and move ALTSD Long-Term Services Program to HSD and the APS and Consumer and Elder Rights (CER) programs to CYFD.

Fiscal Implications: The FY11 operating budget for the Long-Term Services Program is \$8.1 million. LFC estimates that the program director's staff and the CoLTS staff would not be transferred to HSD and the positions eliminated resulting in a total savings of \$1.4 million split between the general fund and other state funds from Medicaid transfers.

The FY11 operating budget for the APS and CER program are approximately \$16 million of which \$12.2 million is from the general fund. Since these are unique programs not found in CYFD, it is anticipated that all FTE (166) would be transferred to CYFD. There may be a savings in APS, if CYFD were to appoint a director to oversee both Child Protective Services (CPS) and APS. In the field, most CPS and APS are combined in the same offices as a result of the period when APS was part of CYFD. There would be no change to the CER structure and FTE.

This option would leave ALTSD with one program, the Aging Network. This program could also be transferred to CYFD or since it is basically a pass-through program to senior centers, it could go to DFA along with the .5 FTE assigned. This option would effectively eliminate the Aging and Long Term Services Department.

Additional costs associated with the physical merger of offices and IT should be expected, diminishing any short term savings in personnel costs. ALTSD has spent over \$1 million in developing the HARMONY system to track APS cases. This system is not compatible with the Family Automated Clinic Tracking System (FACTS) used in CYFD.

Implementation Plan: The transfer should be effective at the beginning of the next fiscal year (FY12) and a transition plan would need to be developed to move staff and responsibilities. Changes to state statutes governing the responsibilities of CYFD and HSD would be required.

Option 3: Merge ALTSD into HSD.

Fiscal Implications: As mentioned above, the Committee on Government Efficiency estimated a savings of \$1.5 million for option.

In implementing this option, it would need to be determined whether ALTSD program would become HSD divisions eliminating the need for program support personnel in ALTSD as assumed in the CGE report, or return to the status as administratively attached to HSD as the Agency on Aging. It is estimated the latter would result in minimal savings.

Implementation Plan: The transfer should be effective at the beginning of the next fiscal year (FY12) and a transition plan developed to move staff and responsibilities.